

REPRESENTATIVE DRIEHAUS HAILS HOUSE PASSAGE OF PREDATORY LENDING LEGISLATION

WASHINGTON, DC—Representative Steve Driehaus today hailed passage of landmark reform legislation to crack down on predatory lending practices and protect American homeowners. The Mortgage Reform and Anti-Predatory Lending Act of 2009 responds to the root causes of the subprime mortgage crisis and the ensuing recession by ending unfair lending practices and putting in place new measures to hold banks and lenders who issue mortgages more accountable.

“After years of delay and inaction under Republican leadership, we are finally taking critically needed steps to get at the heart of this recession. This law puts the American people first by cracking down on the unfair lending practices and risky transactions that led to the foreclosure crisis and economic downturn,” said Rep. Driehaus. “The foreclosure crisis has had a devastating impact on parts of greater Cincinnati, but we are working to get our economy back on track, and this legislation will help ensure families that they can again invest with confidence.”

Representative Driehaus sits on the House Committee on Financial Services, which favorably reported the bill last week.

The Mortgage Reform and Anti-Predatory Lending Act would crack down on the subprime mortgage market that led to the current recession. The bill would require lenders to ensure a borrower's ability to repay based on income, credit history, indebtedness and other factors. The bill would prohibit the financial incentives for subprime loans that encourage lenders to steer borrowers into more costly loans. The bill would also limit the prepayment penalties charged to borrowers who wish to get out of their loans and refinance on more affordable terms.

The legislation would also enact oversight measures to the secondary market for home loans. Under the bill, secondary mortgage market traders would for the first time be liable under federal law for ensuring responsible lending. The bill would require creditors to retain an

economic interest in a material portion of the credit risk of each loan that the creditor sells to a third party.

Representative Driehaus has been a tireless advocate for predatory lending legislation. Rep. Driehaus sits on the House Financial Services Subcommittee on Housing and Community Opportunity. As a member of the Ohio House of Representatives, Rep. Driehaus sat on Governor Ted Strickland's Foreclosure Prevention Task Force, working to ease the foreclosure crisis in greater Cincinnati and throughout Ohio.

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